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10 UNITED STATES BANKRUPTCY COURT  
11 DISTRICT OF OREGON

12 In re

13 Van's Aircraft, Inc.,

14 Debtor.  
15

Case No. 23-62260-dwh11

**DEBTOR'S SUBCHAPTER V STATUS  
REPORT PURSUANT TO 11 § 1108**

16 Pursuant to 11 § 1188 of the United States Bankruptcy Code and the Order Scheduling  
17 Case Management Conference dated December 20, 2023 [ECF No. 49], Van's Aircraft, Inc.  
18 ("Debtor"), as debtor and debtor-in-possession, states as follows:

19 **I. The Debtor's Efforts to Obtain a Consensual Plan**

20 1. The Debtor has developed a 36-month financial model with three parts: operating  
21 statement, balance sheet, and cash flow, in conformance with GAP. Many of the components of  
22 Debtor's financial projections, such as cost of operations, capital requirements, sales, and general  
23 administrative costs, are either generally known or can be reasonably estimated for next three  
24 years. However, there are two fundamentals needed before the financial model can become a  
25 realistic foundation of Debtor's plan of reorganization.  
26

1           2.       The first fundamental is the determination of liabilities. This cannot be reliably  
2 estimated until the Debtor knows the number of customers that either accept the new contract  
3 pricing and terms for their aircraft kits and related components, or reject their contracts providing  
4 the customer with a claim. January 30, 2024, is the termination date of Debtor's offer to modify  
5 orders for its kits. Customers whose kit orders are not modified and are subsequently rejected  
6 will have 30 additional days to file a rejection claim.

7           3.       The Debtor also has customer deposits on third party products used in completing  
8 the kits, including engines, props, and avionics. The Debtor will work with key suppliers this  
9 month to determine the timing of delivery and economics of the transaction in order to proceed  
10 with contract revisions for these customers.

11          4.       By late February 2024, the Debtor should be able to make a realistic estimate of  
12 the amount of pre-petition claims that will need to be provided for under the plan.

13          5.       The second fundamental component is revenue, which in Debtor's case depends  
14 on two important considerations: (a) The number of existing customers agreeing to modify their  
15 orders which in turn establishes its back log of business; (b) the number and value of new orders  
16 from new customers that can be expected going forward.

17          6.       The revenues depend on two key factors: one, the impact of the price increase on  
18 existing and future demand, and two, the ability of Debtor to effectively mitigate the negative  
19 impact the laser cut parts has had on its business and reputation by replacing laser cut parts used  
20 in the most highly loaded structural locations both during its chapter 11 and post confirmation.<sup>1</sup>  
21

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22 <sup>1</sup> The following excerpts are taken from a recent email Dick VanGrunsvan, founder, and lead  
23 engineer of Van's Aircraft sent to Clyde Hamstreet and others:

24 "In late 2022, Debtor first became aware of cracks forming around dimpled laser cut holes, and  
25 Debtor reacted with caution by offering to replace the laser manufactured parts it had supplied  
26 with many kits. It ceased shipping kits with laser manufactured parts. Shipment of kits could  
not be resumed until Debtor was able to produce replacement parts produced by its own CNC

1           **II.     Cash Flow, Financial Data, Expenses, and Budget for Professional Services**

2           7.     Debtor's financial projections for the upcoming 120 days are attached as

3 **Exhibit 1.**

4           8.     Debtor's financial statements for the years ended December 31, 2020, December  
5 31, 2021, and December 31, 2022, are attached as **Exhibit 2.**

6           9.     Debtor's revenue from December 5, 2023 to December 27, 2023 was \$1,403,592,  
7 and total post-petition expenses, excluding bankruptcy-related professional fees, were  
8 \$1,744,622, of which, as of December 27, 2023, all were paid and \$0.00 were unpaid.

9           10.    Debtor anticipates incurring professional fees for (a) their bankruptcy attorneys,  
10 Tonkon Torp LLP ("Tonkon Torp"); (b) their chief restructuring officer, Clyde A. Hamstreet &  
11 Associates, LLC ("Hamstreet & Associates"); and (c) their claims and noticing agent, BMC

12 \_\_\_\_\_  
13 punches. Because of the volume of parts affected, months passed before normal shipping could  
14 be resumed.

15 Debtor also initiated aggressive accelerated life testing of riveted joints that used laser cut holes.  
16 This process is known as Fatigue testing and consists of applying simulated flight level loads,  
17 repeated thousands of times, to test coupons (samples of metal riveted through laser cut holes in  
18 various configurations) until they eventually fail. From these test results, Debtor's engineers  
made airframe service life projections. Debtor tested literally hundreds of coupons (samples) by  
applying loads in all foreseeable cases and repeatedly tested for each case.

19 Testing soon revealed that there were different kinds of cracks, generally classified as  
20 manufacturing cracks and fatigue cracks. Manufacturing cracks are those that have been  
21 observed around dimpled laser cut holes. The testing has shown that these are overwhelmingly  
passive when used in aircraft structures. They don't elongate and lead to failures. They don't  
reduce the strength or the expected life of the airplane.

22 When Debtor first became aware of the cracks occurring around laser cut holes, its reaction was,  
23 like many of its customers, to assume that these parts were suspect. Out of caution, Debtor  
24 offered to replace them at no cost. Though Debtor's testing has now shown Laser Cut Parts to be  
25 more than adequate for even an unrealistically long flight life, it will continue honoring its  
commitment to replace LC Parts used in the most highly loaded structural locations."

26 Debtor is preparing a video message regarding the testing results and will publish the video as  
soon as it is available.

Group, Inc. (“BMC Group”). An official committee of unsecured creditors has not been appointed in Debtor’s case. Tonkon Torp, Hamstreet & Associates, and BMC Group estimate their fees as follows:

Professional	Month					Total
	December	January	February	March	April	
Tonkon Torp	\$122,757	\$99,350	\$94,350	\$72,750	\$58,200	<b>\$452,800</b>
Hamstreet & Associates	\$295,200	\$181,200	\$181,200	\$181,200	\$135,900	<b>\$974,700</b>
BMC Group		\$42,500		\$150,000		<b>\$252,500</b>

DATED: January 2, 2024.

TONKON TORP LLP

By /s/ Timothy J. Conway

Timothy J. Conway, OSB No. 851752  
Michael W. Fletcher, OSB No. 010448  
Ava Schoen, OSB No. 044072  
Attorneys for Debtor

# EXHIBIT 1

Van's Aircraft  
Weekly Kit and SLSA Unit Orders

	Week Beginning:																		120 Day
	12/31/2023	1/7/2024	1/14/2024	1/21/2024	1/28/2024	2/4/2024	2/11/2024	2/18/2024	Plan Due 2/25/2024	3/3/2024	3/10/2024	3/17/2024	3/24/2024	3/31/2024	4/7/2024	4/14/2024	4/21/2024	4/28/2024	Total
Cash Inflows:																			
Collections of Deposits on New Orders & Re-orders																			
Deposits on SLSA RV-12s	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	7,000	7,000	7,000	7,000	7,000	308,000
Release of Egyptian Funds																			
Deposits on Kits	117,519	117,519	117,519	117,519	117,519	117,519	117,519	117,519	117,519	117,519	117,519	117,519	117,519	172,220	172,220	172,220	172,220	172,220	2,388,845
Collected into Trust Account	(117,519)	(117,519)	(117,519)	(117,519)	(117,519)	(117,519)	(117,519)	(117,519)	(117,519)	(117,519)	(117,519)	(117,519)	(117,519)	(172,220)	(172,220)	(172,220)	(172,220)	(172,220)	(2,388,845)
Released from Trust Account for Production	37,384	49,845	49,845	6,630	8,049	8,049	8,049	8,049	8,049	8,049	8,049	5,921	8,049	8,049	8,049	8,049	12,239	14,651	265,049
Trust Funds released for production	58,384	70,845	70,845	27,630	29,049	29,049	29,049	29,049	29,049	29,049	29,049	26,921	29,049	15,049	15,049	15,049	19,239	21,651	573,049
Collections on Shipments & Deliveries																			
Collection on RV15s	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Egyptian Air Force Final Payment																			
Collection on SLSA RV-12s	-	144,000	194,000	194,000	-	194,000	194,000	194,000	-	-	194,000	194,000	194,000	-	-	194,000	194,000	194,000	2,278,000
Collection on Standard Kits	466,952	583,689	291,845	291,845	291,845	291,845	291,845	291,845	291,845	291,845	291,845	291,845	336,744	336,744	336,744	336,744	336,744	336,744	5,989,552
Collection on QB Kits	245,147	325,191	162,595	162,595	162,595	162,595	162,595	162,595	162,595	162,595	162,595	128,411	128,411	128,411	128,411	128,411	128,411	128,411	2,932,572
Collections on Shipments & Deliveries	712,098	1,052,880	648,440	648,440	454,440	648,440	648,440	648,440	454,440	454,440	648,440	614,256	659,155	465,155	465,155	659,155	659,155	659,155	11,200,124
Collections on Parts Orders	47,500	47,500	52,500	52,500	57,500	57,500	62,500	62,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	1,115,000
3rd Party Sales Commissions	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	315,000
<b>Total Collections:</b>	<b>835,482</b>	<b>1,188,725</b>	<b>789,285</b>	<b>746,070</b>	<b>558,489</b>	<b>752,489</b>	<b>757,489</b>	<b>757,489</b>	<b>568,489</b>	<b>568,489</b>	<b>762,489</b>	<b>726,176</b>	<b>773,203</b>	<b>565,203</b>	<b>565,203</b>	<b>759,203</b>	<b>763,394</b>	<b>765,806</b>	<b>13,203,173</b>
<b>Operating Disbursements:</b>																			
Payroll-Related Disbursements:	391,000	55,025	83,025	418,025	55,025	418,025	83,025	418,025	55,025	418,025	83,025	418,025	55,025	418,025	83,025	418,025	55,025	55,025	3,979,425
Laser-Cut Parts Remediation	110,743	110,743	110,743	110,743	110,743	110,743	110,743	75,243	75,243	75,243	75,243	75,243	75,243	75,243	75,243	75,243	75,243	75,243	1,602,872
Inventory & Services	545,500	548,000	557,000	559,500	559,500	559,500	559,500	573,500	573,500	573,501	573,502	573,503	573,504	573,505	573,506	573,507	572,008	572,009	10,194,045
Manufacturing Overhead	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	288,000
General Administrative	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	558,000
Property Tax Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingency	112,380	172,363	76,803	117,303	73,743	117,303	177,103	118,983	75,423	118,983	178,783	118,983	75,423	118,984	178,784	118,984	75,244	75,244	2,100,816
<b>Total Operating Disbursements:</b>	<b>1,206,623</b>	<b>933,131</b>	<b>874,571</b>	<b>1,252,571</b>	<b>846,011</b>	<b>1,252,571</b>	<b>977,371</b>	<b>1,232,751</b>	<b>826,191</b>	<b>1,232,752</b>	<b>957,553</b>	<b>1,232,754</b>	<b>826,195</b>	<b>1,232,757</b>	<b>957,558</b>	<b>1,232,759</b>	<b>824,520</b>	<b>824,521</b>	<b>18,723,159</b>
<b>Other Disbursements:</b>																			
Restructuring-Related Professional Fee Disbursements:	-	-	-	-	-	-	-	-	209,180	-	-	-	277,960	-	-	-	-	311,520	798,660
RV-15 to Market Program	-	-	-	-	-	5,000	5,000	5,000	-	-	10,000	-	-	-	-	-	-	-	25,000
Software Implementation	-	50,000	-	-	-	-	50,000	-	-	-	50,000	-	-	-	-	50,000	-	-	200,000
<b>Total Other Disbursements:</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>55,000</b>	<b>5,000</b>	<b>209,180</b>	<b>-</b>	<b>60,000</b>	<b>-</b>	<b>277,960</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>311,520</b>	<b>1,023,660</b>
<b>Financing Related Cash Flow:</b>																			
DIP Loan Payments (Draws)	(2,000,000)	-	-	-	-	-	-	-	(2,000,000)	-	-	-	(1,500,000)	-	-	-	-	-	(5,500,000)
Loan Payment - Home Office Building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Payment - Trumpf 5000 Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(2,000,000)	-	-	-	-	-	-	-	(2,000,000)	-	-	-	(1,500,000)	-	-	-	-	-	(5,500,000)
<b>Weekly Surplus/(Deficit)</b>	<b>1,628,859</b>	<b>205,594</b>	<b>(85,286)</b>	<b>(506,501)</b>	<b>(287,522)</b>	<b>(505,082)</b>	<b>(274,882)</b>	<b>(480,262)</b>	<b>1,533,118</b>	<b>(664,263)</b>	<b>(255,064)</b>	<b>(506,578)</b>	<b>1,169,048</b>	<b>(667,553)</b>	<b>(392,354)</b>	<b>(523,555)</b>	<b>(61,126)</b>	<b>(370,235)</b>	<b>(1,043,646)</b>
<b>Beginning Cash:</b>	<b>3,000,000</b>																		<b>3,000,000</b>
<b>Ending Cash/Cumulative Surplus/Deficit</b>	<b>4,628,859</b>	<b>4,834,453</b>	<b>4,749,167</b>	<b>4,242,667</b>	<b>3,955,144</b>	<b>3,450,062</b>	<b>3,175,180</b>	<b>2,694,918</b>	<b>4,228,036</b>	<b>3,563,772</b>	<b>3,308,708</b>	<b>2,802,130</b>	<b>3,971,178</b>	<b>3,303,625</b>	<b>2,911,271</b>	<b>2,387,715</b>	<b>2,326,589</b>	<b>1,956,354</b>	<b>1,956,354</b>
<b>Cash Held in Trust</b>	<b>660,000</b>	<b>735,781</b>	<b>803,455</b>	<b>914,344</b>	<b>1,023,814</b>	<b>1,133,285</b>	<b>1,242,755</b>	<b>1,352,225</b>	<b>1,461,696</b>	<b>1,571,166</b>	<b>1,680,636</b>	<b>1,792,235</b>	<b>1,901,705</b>	<b>2,065,876</b>	<b>2,230,047</b>	<b>2,394,218</b>	<b>2,554,199</b>	<b>2,711,768</b>	

# EXHIBIT 2

**Van's Aircraft, Inc.****Pro-forma Income Statements****For the annual periods ending December 31,****Amounts in Thousands**

	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>
<b>Revenue</b>	<b>38,086.0</b>	<b>38,755.4</b>	<b>55,937.3</b>
<b>Cost of Materials</b>	<b>29,517.1</b>	<b>31,597.3</b>	<b>45,387.1</b>
<b>Direct Labor</b>	<b>1,438.0</b>	<b>1,857.4</b>	<b>4,282.6</b>
<b>Total Manufacturing Overhead</b>	<b>1,669.6</b>	<b>1,842.3</b>	<b>2,123.3</b>
Cost Transfers into Inventory	(28.5)	(72.0)	(304.9)
<b>Total Cost of Goods Sold</b>	<b>32,596.2</b>	<b>35,225.1</b>	<b>51,488.2</b>
<b>Gross Margin</b>	<b>5,489.8</b>	<b>3,530.3</b>	<b>4,449.1</b>
<b>SG&amp;A</b>	<b>4,327.1</b>	<b>5,991.7</b>	<b>4,478.9</b>
<b>EBITDA</b>	<b>1,162.7</b>	<b>(2,461.5)</b>	<b>(29.7)</b>
Depreciation	-	606.8	-
Interest Expense, net	18.9	119.8	324.1
Other (Income)/Expense	-	367.0	-
Non-Operating (Gain)/Loss	(1,226.5)	(91.7)	(135.6)
Taxes	33.8	133.1	250.7
<b>Net Income/(Loss)</b>	<b>2,336.6</b>	<b>(3,596.4)</b>	<b>(469.0)</b>



**Van's Aircraft, Inc.**  
**Pro-Forma Balance Sheets**  
**Annual Periods Ending December 31,**

Amounts in Thousands

<b>ASSETS:</b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
<b>Current Assets:</b>			
Cash & Cash Equivalents	9,140.8	4,478.5	6,350.1
Accounts Receivable	2,190.52	3,663.48	3,130.64
Inventory	10,577.8	15,821.3	19,487.4
<b>Total Current Assets</b>	<b><u>21,909.1</u></b>	<b><u>23,963.3</u></b>	<b><u>28,968.2</u></b>
<b>Fixed Assets:</b>			
Buildings	313.8	9,391.8	9,642.5
Storage Buildings	-	-	-
Machinery & Equipment	2,316.1	2,623.8	3,559.6
Office Equipment, Furniture & Fixtures	489.9	541.8	547.5
Facility Improvements			
Aircraft	41.8	41.8	53.3
Vehicles	18.1	65.4	65.4
Accumulated Depreciation	(3,057.1)	(3,641.9)	(3,641.9)
<b>Total Fixed Assets</b>	<b><u>122.6</u></b>	<b><u>9,022.7</u></b>	<b><u>10,226.4</u></b>
<b>Total Assets:</b>	<b><u>22,031.8</u></b>	<b><u>32,986.0</u></b>	<b><u>39,194.6</u></b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>General Liabilities</b>			
Accounts Payable	2,698.5	3,308.8	1,585.2
Payroll Taxes Payable	382.5	260.0	319.0
PTO Payable	628.9	714.1	626.5
Trumpf Line of Credit	376.5	250.5	117.1
State Taxes Payable	166.1	145.7	78.6
<b>Total General Liabilities</b>	<b><u>4,252.4</u></b>	<b><u>4,679.0</u></b>	<b><u>2,726.4</u></b>
<b>Insider Liabilities</b>			
ESOP Note Guarantee	1,104.7	923.8	728.7
VanGrunsven Trumpf Note	-	-	618.8
Van's A/C Corp Office	-	6,319.3	6,224.0
<b>Total Insider Liabilities</b>	<b><u>1,104.7</u></b>	<b><u>7,243.1</u></b>	<b><u>7,571.5</u></b>
<b>Contingent Liabilities</b>			
Customer Deposits	10,955.8	19,348.1	28,189.1
<b>Total Contingent Liabilities</b>	<b><u>10,955.8</u></b>	<b><u>19,348.1</u></b>	<b><u>28,189.1</u></b>
<b>Total Liabilities</b>	<b><u>16,313.0</u></b>	<b><u>31,270.3</u></b>	<b><u>38,486.9</u></b>
<b>Equity</b>			
Capital ( Common Stock)	60.0	60.0	60.0
Retained Earnings	4,966.4	6,751.3	2,595.6
ESOP Stock Repurchase	(1,104.7)	(999.2)	(1,228.9)
Profit Distribution	-	(500.0)	(250.0)
Net Income	1,797.2	(3,596.4)	(469.0)
<b>Total Equity</b>	<b><u>5,718.8</u></b>	<b><u>1,715.7</u></b>	<b><u>707.7</u></b>
<b>Total Liabilities &amp; Equity</b>	<b><u>22,031.8</u></b>	<b><u>32,986.0</u></b>	<b><u>39,194.6</u></b>

EXHIBIT 2

Page 2 of 3

**Van's Aircraft**  
**Pro-forma Statement of Cash Flows**

**For Annual Periods Ending December 31**

Amounts in Thousands

	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>
<b>Net Income (Loss)</b>	<b>1,797.2</b>	<b>(3,596.4)</b>	<b>(469.0)</b>
<b>Non Cash items included in Net Income</b>			
Depreciation	863.0	584.8	-
<b>Changes in Operating Assets &amp; Liabilities</b>			
(Increase) Decrease in Working Capital Accounts	(1,248.0)	(6,163.9)	(4,952.5)
Increase (Decrease) in Customer Deposits	5,863.2	8,392.3	8,840.9
<b>Net Cash Provided (Used) by Operations</b>	<b>7,275.3</b>	<b>(783.2)</b>	<b>3,419.4</b>
<b>Cash Flows from Investing Activities</b>			
(Increase)/Decrease in Fixed Assets	(880.1)	(9,484.8)	(1,203.7)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(880.1)</b>	<b>(9,484.8)</b>	<b>(1,203.7)</b>
<b>Cash Flows from Financing Activities</b>			
Increase (Decrease) in Insider liabilities	(1,246.75)	5,731.71	(210.62)
Increase (Decrease) in Other liabilities	(123.2)	(126.0)	(133.4)
<b>Net cash flow provided by Financing Activities</b>	<b>(1,369.9)</b>	<b>5,605.7</b>	<b>(344.0)</b>
<b>Increase (Decrease) in Cash</b>	<b>5,025.4</b>	<b>(4,662.3)</b>	<b>1,871.7</b>
<b>Beginning Cash</b>	<b>4,115.4</b>	<b>9,140.8</b>	<b>4,478.5</b>
<b>Ending Cash</b>	<b>9,140.8</b>	<b>4,478.5</b>	<b>6,350.2</b>